

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 1484 - SB 1729**

March 11, 2014

**SUMMARY OF BILL:** Authorizes a motor vehicle dismantler and recycler or scrap metal processor who purchases a motor vehicle solely for parts, dismantling or scrap to purchase such vehicle without seeing and obtaining a copy of the title, if the seller of the vehicle provides a nonrepairable vehicle certificate in addition to certain required information. Requires such certificates to be surrendered to the Department of Revenue after the vehicle is crushed or shredded, but no later than 60 days after the date of purchase. Requires any person engaged in the wrecker, garage or automobile salvage business, and any motor vehicle dismantler and recycler or scrap metal processor that acquires a nonrepairable vehicle for the purpose of transferring it to a dismantler and recycler or scrap metal processor, or for the purpose of processing it into prepared grades of metallic scrap, to apply for a nonrepairable certificate or a salvage title before the vehicle is further transferred, but in any event, within 30 days after the ownership is acquired. Creates a Class A misdemeanor for transporting, pulling or removing a nonrepairable vehicle without being issued a title or nonrepairable vehicle certificate.

Authorizes the appropriate county clerk to accept an application for, and issue, a nonrepairable vehicle certificate, if the application is supported by a surrendered certificate of title or other documentation as is required by the Department. Requires the clerk to send the application and supporting documentation to the Anti-Theft Unit of the Special Investigations Division of the Department for processing. Requires the clerk, after completion of the process and approval by the unit, to issue the nonrepairable certificate to the applicant upon payment of a five dollar fee.

Requires each motor vehicle dismantler and recycler or scrap metal processor to have a computer system in operation that is capable of electronically transferring information, and requires certain information to be transferred to the appropriate law enforcement agency electronically or by a legible facsimile within 24 hours. Establishes that any motor vehicle dismantler and recycler or scrap metal processor who commits a first violation for failing to obtain a nonrepairable vehicle certificate from a seller in the absence of a title, is subject to a maximum fine of \$50 and immediate revocation by of their business license.

Establishes that possession of any vehicle identification number, removed from a motor vehicle, is the offense of criminal simulation punishable by no less than a Class E felony.

## **ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures – \$31,700/Incarceration\***  
**\$248,400/One-Time**  
**\$225,900/Recurring**

**Increase Local Revenue – \$1,500,000/Recurring**

**Increase Local Expenditures – Exceeds \$40,000/One-Time**

### **Assumptions:**

- The Department of Revenue estimates that approximately 300,000 vehicles will be processed or approved each year by the Anti-Theft Unit of the Special Investigations Division as a result of this bill. It is further estimated that most of the certificates will be keyed manually. To accomplish this, and assuming that 75,000 certificates can be examined and keyed by each employee each year, the Department will require four additional positions, resulting in a one-time increase in state expenditures of \$18,000, and a recurring increase in state expenditures of \$202,940 for salary and benefits (\$170,380) and other (\$32,560).
- According to the Department, the one-time increase in system modification costs for the Department necessitated by this bill is estimated to be \$230,400; the recurring maintenance costs are estimated to be \$23,000.
- The total one-time increase in state expenditures is estimated to be \$248,400 (\$18,000 + \$230,400). The total recurring increase in state expenditures is estimated to be \$225,940 (\$202,940 + \$23,000).
- The recurring increase in local government revenue is estimated to be \$1,500,000 (300,000 x \$5.00).
- Based on information provided by the county clerks, the one-time increase in local government expenditures for software and programming changes is estimated to exceed \$40,000.
- It is assumed that establishing that possession of any vehicle identification number, removed from a motor vehicle, is the offense of criminal simulation punishable by no less than a Class E felony will result in one additional Class E felony every year.
- According to the Department of Correction (DOC), the average operating cost per offender per day for calendar year 2014 is \$66.29.
- The average time served for a Class E felony is 1.31 years.
- According to the U.S. Census Bureau, population growth in Tennessee has been 1.12 percent per year for the past 10 years, yielding a projected compound population growth of 11.78 percent over the next 10 years. Population growth will not affect the fiscal impact of this legislation.
- A recidivism discount does not apply because the proposed legislation is creating a new offense.

- The maximum cost in the tenth year, as required by Tenn. Code Ann. § 9-4-210, is based on one offender serving 1.31 years (478.5 days) for a total of \$31,720 (\$66.29 x 478.5 days).
- It is assumed that the courts, district attorneys, and public defenders can handle one extra felony case every year within their existing resources.

*\*Tennessee Code Annotated, Section 9-4-210, requires that: For any law enacted after July 1, 1986, which results in a net increase in periods of imprisonment in state facilities, there shall be appropriated from recurring revenues the estimated operating cost of such law. The amount appropriated from recurring revenues shall be based upon the highest cost of the next 10 years.*

### **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise".

Lucian D. Geise, Executive Director

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